

EXECUTIVE DIRECTOR'S MONTHLY REPORT

DECEMBER 2004

Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- FHWA and FTA will be holding a triennial planning certification review in January 2005. This review is conducted once every three years and is intended to verify that SCAG is conducting our planning activities in accordance with Federal Regulations and guidelines. There will be a public meeting held on Tuesday, December 7th where the public will have an opportunity to comment.
- After a review of SCAG's FY 03-04 annual report, the Bank of the West extended the term of our revolving letter of credit for another year. The minimum General Fund balance required to maintain the line was increased from \$604,000 to \$700,000.
- Internal Audit Plan Status

Activities for the Period July 1 – November 30, 2004

1. Coordinated the KPMG financial audit. Unqualified opinions on both Financial and Single audits and no findings in Management Letter. We will be submitting for a second GFOA award.
 2. Review of SAP controls. Field work complete, report will be written in December.
 3. Completed two pre-award audits involving 10 sub-consultants totaling \$774,000.
 4. Reviewed SCAG's contracts for the past three years. Working with staff to prepare for Caltrans program audit, believed to be after January 1st.
- Beginning in December SCAG staff will be updating various operational and administrative manuals. The first manual to be updated will be the contracts and procurement manual with training to follow in February.

II. Provide support to the Regional Council in providing direction and Leadership to SCAG

- On November 1st I and Hasan Ikhata met with Wayne Tanda, General Manager of LA DOT to discuss the Maglev project performance measures and implementation of the analytical steps for the Maglev.
- On November 2nd I conducted an orientation briefing with Councilmember Marilynn Poe, City of Los Alamitos.
- On November 4th I was the distinguished guest at the Millennium Momentum Foundation, Inc.'s 1st Annual Opening Doors Scholarship Awards Ceremony & Benefit Dinner. The Millennium Momentum Foundation, Inc. was formed to increase the number of young professionals in the areas of public

administration, public policy, and related fields. Some of the participants in the program included L.A. County Supervisor Yvonne Burke, and Councilmen Antonio Villaraigosa, and Councilman Bernard Parks, and Congressman Brad Sherman. SCAG Directors and staff purchased a table for the event.

- On November 9th I participated as a presenter at UC Berkeley's "California at 50 Million Colloquium". The topic was land use, housing and community development for the state over the next 50 years. I presented our Compass findings and our 3rd Century work.
- On November 15th I conducted an orientation briefing with Councilmember Rae Gabelich, City of Long Beach.
- On November 16th I met with Mayor Hahn, Tim McKosker and Phil Depoian, Deputy Executive Director of LAWA on the Maglev project to form a JPA with the City of LA, Ontario and LAWA. The next step is for Mayor Hahn to meet with the Mayor of Ontario to establish the JPA.
- On November 17th I attended the opening by Under Secretary Jeff Shane of a new Federal DOT office of Port Operations to assist the region in addressing the port operational issues. Afterwards I met with Secretary Shane to discuss the upcoming Federal Reauthorization and additional action steps they can take to assist the region on the goods movement issues we face. Secretary Shane noted that DOT established a new office of Freight and Logistics in the Office of the Secretary.
- On November 18th I met with Secretary Sunne McPeak, Lee Harrington, LAEDC and Jim Hankla, Commissioner, Port of Long Beach and Tom Warren, Commissioner, Port of LA to discuss the port Goods Movement problem that the Prime Minister of Japan raised with him during his recent Japan trip. The meeting concluded with the Secretary requesting that we prepare a paper and coordinate with LAEDC and other interests in the region on how to solve the problem in the short and long run, and the role the Governor and the State could play in addressing the issues.

On November 30th LAEDC convened a meeting of all the principals to discuss the outcome of the paper to be given to the Secretary by December 7th in time for input to the State of the State Message.

- On November 29th I met with Habib Balian, Interim CEO of Metro Goldline regarding the Goldline East 2. I reviewed with Habib the need to implement the growth vision along the corridor to increase the ridership on the line.

III. SCAG Operations

- Recruitment/Selection. The first round of panel interviews for the Director of ISD are scheduled for December. Two new Government Affairs Analyst positions were advertised in December. These positions are included in Budget Amendment two.
- Classification/Compensation Review. Human Resources is nearing completion of a study of the Administrative Series, which is expected to include work efficiency improvements and recommended training and development for Administrative staff. The Planner Series is the next group scheduled for review.

- Training. In-house Project Management series training was conducted for staff. A Dollars & Sense workshop provided by the Society of Certified Public Accountants was provided to staff.
- Payroll Practices Audit. An audit was completed by outside counsel on SCAG's payroll practices and Fair Labor Standards Act (FLSA) designations for employees eligible for overtime. Implementation of the recommended changes is occurring in December.
- Budget. Budget amendment 2 has been sent to Caltrans and we are expecting approval by January 1st even though we have not yet received approval of the Record of Expenditures (ROE). We are currently working on developing the FY 2005/2006 budget.

IV Implement Adopted Regional Plans

- MAGLEV. All proposals for an alternative analysis between steel-on-steel high-speed rail and Maglev (RFP 05-036) on the IOS, as a requirement by the City of LA for match contribution, have been submitted. Interviews and selection will take place during the first week in December.

Two staff attended the Shanghai Maglev Conference and a report will be provided to the Maglev Task Force and Regional Council members.

An RFP has been released for a Maglev Project Manager for \$200,000 through June 2006. Deadline for responses is December. 2nd.

- Compass. The Urban Land Institute and the California Chapter of the American Planning Association are planning to co-host a Spring 2005 workshop on the Compass 2% strategy and implementation efforts. The session will provide feedback on the strategies and tools SCAG is developing to assist local governments in incorporating the Regional Growth Principles into their plans and projects. A briefing on the 2% Strategy was provided by John Fregonese of Fregonese-Calthorpe Associates to a focus group of City Managers, Planning Directors and ULI staff. Jim Gosnell also gave a Compass presentation at the National Urban Land Institute Conference in New York at the beginning of the month.
- I met with Upland City Manager, Michael Milhiser, and his staff, with Hasan Ikhrata and Lynn Harris, to discuss a possible joint SCAG/City 2% Strategy Demonstration Project. The City has an historic downtown area anchored by opportunities for transit oriented development around an Amtrak and a Metro Link station. We will be visiting the City in December to further identify the opportunities for partnership.

On November 9th Councilmember Bev Perry and I gave a presentation on COMPASS to the Orange County District Council of ULI at the Meadowlark Golf Course.

- Housing. The Settlement Agreement concluding the RHNA litigation involving HCD, certain Inland Empire entities and SCAG has now been fully executed.

The Commission on State Mandates recently announced that they would be reviewing the eligibility of Councils of Government to be reimbursed by the state for the costs of the RHNA process, particularly in light of recent changes in the law which purport to provide authority to COGS to charge fees to the cities

and counties for the costs of the RHNA process. SCAG will be participating in this informal administrative process and will be submitting a short brief to support continued reimbursement by the state.

- LAX Master Plan. Aviation staff continues to monitor the progress of the LAX Master Plan, and continues to work with the Los Angeles City Council to ensure that the master plan is consistent with SCAG's 2004 Regional Transportation Plan. After approving the Consensus Plan for LAX on October 20th by a 12-3 vote, the Los Angeles City Council will meet on December 7th for a final vote on the Consensus Plan. On November 8th the Los Angeles Board of Airport Commissioners voted in closed session to enter into a legal agreement with the City of El Segundo to hold LAX to 78.9 MAP through passenger gate restrictions. The agreement would also provide funding to El Segundo for soundproofing and transportation improvements, and to further study alternatives to moving the southernmost runway 50 feet to the south to accommodate a new high-speed taxiway. The Board instructed the City Attorney's office to draft language for the agreement.
- The 8th Annual Economic Forecast Conference. The 8th Annual Economic Forecast Conference was held on Nov 18, 2004 at the Disney Concert Hall. The forecasts for the region call for a very moderate level of job growth both this year and next year. The risks to the economy include high oil prices, budget deficits, and interest rate increase. A panel discussion of the Logistics industry: The SC Trade Rush: 21 Century Gold? included Mark Pisano, Steven Erie, and John Husing. The panel was moderated by James Flanigan, a columnist with the LA Times.

Sunne Wright McPeak, Secretary of the California Business, Transportation, and Housing Agency gave a keynote speech about state government's plan in promoting mid-term and long-term economic growth and job creation. Many state actions, such as infrastructure investment, housing, land use, in-fill development and growth visioning are related to SCAG planning initiatives. The Secretary promised to schedule a Southern California Logistics Summit with SCAG in the early part of next year.

All conference materials, including publications, programs, and presentations were available on SCAG's Web Site.

V. Develop Additional Planning Efforts

- Air Quality and Transportation Conformity. Staff completed the emissions analysis and prepared the draft conformity documents needed to make a conformity determination on the 2004 RTP/RTIP for the new 8-hour ozone standard. This package will be discussed at the December 10th meeting of the Transportation Conformity Working Group. Afterwards, the draft conformity package will be presented to the Energy and Environment Committee for release for a public review and comment period. The conformity determination for the new 8-hour ozone standard must be in place by June 2005 to prevent a conformity lapse in the SCAG region.

Staff continues to coordinate with the Air Districts on the development of the 2007 Air Quality Management Plans. On November 10th, staff participated in a working group meeting with the

California Air Resources Board and the Southern California Air Quality Management District to coordinate the development of the 2007 Air Plans.

- State/Federal Funding Update

The California Transportation Commission (CTC) continues to report that they will not resume the capital program allocations (STIP or TCRP) for the year and will not be able to issue any new GARVEE bonds given severe budgetary constraints. Further, at the “Save Prop 42 Transportation Budget Summit” held in Sacramento on November 9, 2004, the chief consultant of the Assembly Budget Committee indicated that the state’s budget shortfall for the next fiscal year is projected to be between \$6 billion to \$8 billion—acknowledging that the Governor’s January Budget Proposal will likely include recommendations to divert Proposition 42 funds to address General Fund problems yet again.

Discussion also focused on the fact that although Proposition 68 and 70 both failed, the timing in realizing the repayment of funds and the actual dollar amounts that could be made available to transportation programs are questionable at this stage—as the tribal gaming bonds face a legal challenge and the complexity of the bonds (unlike GO bonds) could yield about \$350 million less than previously anticipated (initially assumed \$1.2 billion).

The CTC Director also reported that the revised estimate for California’s share of the ethanol fix revenue is less than the level initially anticipated (initially estimated at \$2.8 billion—now expecting about \$2.1 billion). Further, most of the funds resulting from the corrective ethanol provisions are not expected to be realized until the outyears of the STIP.

In response to these critical funding issues, discussion focused on strategies to galvanize statewide transportation groups, business groups, as well as labor groups in support of protecting transportation dollars. SCAG will continue to be active in this effort.

- Public-Private Partnership Initiatives

Staff is continuing to explore the financial feasibility and institutional framework for proposed public-private partnership initiatives outline in the 2004 RTP. Discussions have been held with experts in the financial communities to further evaluate public-private partnerships and risk-sharing arrangements/business models—assessing case studies/best practices and reviewing legal/institutional considerations for projects of national significance.

- Homeland Security Conference on December 7 at UCLA. SCAG and UCLA staff have been working together to jointly organize a nationwide conference on homeland security for December 7, 2004 at UCLA campus. All Regional Council and Policy Committee members are encouraged to attend. The objectives of this conference are to open a dialogue among regional stakeholders on issues of terrorism and homeland security. It will also help to identify SCAG’s roles in facilitating regional coordination on homeland security through, for example, data and information sharing. Furthermore, this conference will provide the local and regional policy-makers the opportunity to dialogue with state and federal officials on issues of terrorism and homeland security. Both breakfast and lunch are provided as part of the conference.

VI. Data

Planning Data/GIS

- Non-SCAG Data and GIS Web Sites Available through SCAG's Web Site. As a result of keen interest from the Data/GIS Task Force, SCAG has collected and listed on one of its Web pages over thirty important URLs that offer data or GIS libraries, catalogs, or applications that will be of interest to the region's planning and GIS community. Staff expects many more sites coming as the Data/GIS Task Force continues the effort. As such, over time this will become a valuable link to data and GIS resources available from other federal, state, and local agencies. This will be integrated as part of the Information Resource Center.
- The 2004 Thomas Brothers Street Map Database Updates. Every year SCAG updates its (non-modeling) street network maps by incorporating the latest Thomas Brothers release. Thomas Brothers' 2004 version was processed and completed in November, so is now ready for member jurisdictions to use for OWP-related projects.
- Upcoming 2004 State of the Region Report. At the November 4, 2004 meeting, staff presented highlights of the draft 2004 State of the Region Report to the Community, Economic and Human Development (CEHD) Policy Committee. Currently, staff is in the process of finalizing the report and beginning the report design and production process. The 2004 State of the Region Report is scheduled to be released in early February 2005 after review by the Regional Council.

VII. Legislative Program

- Federal FY05 Transportation Appropriations. On November 20th, Congress passed the FY05 transportation appropriations bill, one of nine appropriations measures included in the final omnibus spending package. It provides \$35.5 billion for highways in FY05, \$1.9 billion more than the FY04 budget for highways or a five-and-a-half percent increase from last year. California will receive roughly \$340 million more than prior year receipts. Transit programs will receive \$7.7 billion, including \$1.4 billion to fund new transit projects. Among them is the LAMTA Gold Line Light Rail System project, which receives \$60 million. The bill also earmarks \$1 million for the California-Nevada Interstate Maglev Project. It does appear that the basic core funds were reduced about 4% which could negatively affect our planning funds.
- 2005 State and Federal Legislative Program. Each year, the Regional Council adopts a state and federal legislative program to guide the agency's activities in the coming year. On November 4th, SCAG Government Affairs staff submitted a draft 2005 program to each SCAG policy committee for its input. Created in consultation with the county transportation commissions and SCAG's state and national planning partners like the California Associations of Councils of Government (CALCOG) and the Association of Metropolitan Planning Organizations (AMPO), the 2005 draft continues work from last year including the reauthorization of TEA-21, which has been extended to May 31, 2005. Key state initiatives will include redefining local and regional responsibilities in implementing state housing goals and advocating a constitutional amendment to protect Proposition 42 revenues. The 2005 program will be implemented upon its adoption by the Regional Council.

- Resolving State Transportation Crisis. Transportation California, a group of public and private transportation stakeholders, has launched an effort to educate the Governor and the Legislature about the need to protect Proposition 42 transportation revenues from further diversion to the state's General Fund. The campaign to rescue transportation funding will begin on December 7th with a press conference on the State Capitol steps, followed by a Southern California event on December 14th. Additional events are planned, including a meeting with Billie Greer, Director of the Governor's Los Angeles Office. SCAG is preparing a two-page document for Transportation California and the Governor on the transportation investment-to-benefit ratio and the short term implications of a Proposition 42 suspension.

– HAPPY HOLIDAYS –